

**Southern Hills Plantation II  
Community Development  
District**

**JUNE 13, 2025**

**AGENDA PACKAGE**

**Teams Meeting Information**

**Meeting ID: 247 181 099 855      Passcode: y68MEQ**

**[Join the meeting now](#)**

□ Matt Pallardy, Chairperson  
□ John Franz, Vice Chairperson  
□ Cheryl Bernal, Assistant Secretary  
□ Wesley Jones, Assistant Secretary  
□ Brian Spivey, Assistant Secretary

□ Brenden Crawford, District Manager  
□ Michelle T. Reiss, District Counsel  
□ Joe Calamari, District Engineer

**Regular Meeting Agenda**  
Friday, June 13, 2025 – 10:30 a.m.

**Teams Meeting Information**

**Meeting ID: 264 308 563 251      Passcode: phSszc**

**[Join the meeting now](#)**

***All cellular phones and pagers must be turned off during the meeting. Please let us know at least 24 hours in advance if you are planning to call into the meeting.***

- 1. Call to Order/Roll Call**
- 2. Public Comment on Agenda Items (*Comments limited to three (3) minutes per speaker*)**
- 3. Business Items**
  - A. Consideration of Resolution 2025-04; Approving Fiscal Year 2026 Proposed Budget & Setting Public Hearing Date
  - B. Report on Number of Registered Voters (258)
- 4. Staff Reports**
  - A. District Counsel
  - B. District Engineer
  - C. District Manager
- 5. Consent Agenda**
  - A. Consideration of Board of Supervisors' Minutes of the November 8, 2024 LO Meeting and November 8, 2024 Regular Meeting
  - B. Consideration of Operation and Maintenance Expenditures from April 2025
  - C. Acceptance of the Financials and Approval of the Check Register April 2025
  - D. Acceptance of the Audit for Fiscal Year Ended September 30, 2023
- 6. Board of Supervisors' Requests and Comments**
- 7. Public Comments**
- 8. Adjournment**

The next CDD Meeting is scheduled for Friday, July 11, 2025, at 10:30 a.m.

**District Office:**

Inframark, Community Management Services  
11555 Heron Bay Blvd. Suite 201  
Coral Springs, Florida 33076  
954-603-0033

**Meeting Location:**

Cascades Clubhouse  
5459 Cotillion Blvd,  
Brooksville, Florida 34601

**RESOLUTION 2025-04**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT APPROVING PROPOSED BUDGETS FOR FISCAL YEAR 2025/2026 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; ADDRESSING TRANSMITTAL, POSTING AND PUBLICATION REQUIREMENTS; ADDRESSING SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the District Manager has heretofore prepared and submitted to the Board of Supervisors (“**Board**”) of the Southern Hills Plantation II Community Development District (“**District**”) prior to June 15, 2025, proposed budgets (“**Proposed Budget**”) for the fiscal year beginning October 1, 2025 and ending September 30, 2026 (“**Fiscal Year 2025/2026**”); and

**WHEREAS**, the Board has considered the Proposed Budget and desires to set the required public hearing thereon.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT:**

1. **PROPOSED BUDGET APPROVED.** The Proposed Budget prepared by the District Manager for Fiscal Year 2025/2026 attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said Proposed Budget.

2. **SETTING A PUBLIC HEARING.** A public hearing on said approved Proposed Budget is hereby declared and set for the following date, hour and location:

DATE: **Friday, August 15, 2025**

HOUR: **10:30 a.m.**

LOCATION: **Cascades Clubhouse**  
**5459 Cotillion Blvd.**  
**Brooksville, Florida 34601**

3. **TRANSMITTAL OF PROPOSED BUDGET TO LOCAL GENERAL PURPOSE GOVERNMENT.** The District Manager is hereby directed to submit a copy of the Proposed Budget to Manatee County at least 60 days prior to the hearing set above.

4. **POSTING OF PROPOSED BUDGET.** In accordance with Section 189.016, *Florida Statutes*, the District’s Secretary is further directed to post the approved Proposed Budget on the District’s website at least two days before the budget hearing date as set forth in Section 2, and shall remain on the website for at least 45 days.

5. **PUBLICATION OF NOTICE.** Notice of this public hearing shall be published in the manner prescribed in Florida law.

6. **SEVERABILITY.** The invalidity or unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

7. **EFFECTIVE DATE.** This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED THIS 13<sup>TH</sup> DAY OF JUNE 2025.**

ATTEST:

**SOUTHERN HILLS PLANTATION II  
COMMUNITY DEVELOPMENT  
DISTRICT**

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Its: \_\_\_\_\_

# **Southern Hills Plantation II**

Community Development District

## ***Annual Operating and Debt Service Budget***

**Fiscal Year 2026**

Tentative Budget

Prepared by:



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## **Southern Hills Plantation II**

Community Development District

### **Operating Budget**

Fiscal Year 2026

## Summary of Revenues, Expenditures and Changes in Fund Balances

General Fund  
Fiscal Year 2025

ACCOUNT DESCRIPTION	ADOPTED	ACTUAL	PROJECTED	TOTAL		ANNUAL
	BUDGET	THRU	April-	PROJECTED	% +/-)	BUDGET
	FY 2025	3/31/25	9/30/2025	FY 2025	Budget	FY 2026
REVENUES						
Interest - Investments	\$ -	\$ -	\$ -	\$ -	0%	\$ -
Operations & Maintenance Assmts - On Roll	135,275	-	135,275	135,275	0%	135275
Special Assmnts- CDD Collected	-	-	-	-	0%	0
	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
TOTAL REVENUES	\$ 135,275	\$ -	\$ 135,275	\$ 135,275		\$ 135,275
EXPENDITURES						
Financial and Administrative						
Supervisor Fees	\$ 1,600	0	\$ 1,600	\$ 1,600	0%	\$ 1,600
District Management	18,000	0	18,000	18,000	0%	18540
Website Admin Services	900	0	900	900	0%	900
District Engineer	1,000		1,000	1,000	0%	1000
District Counsel	7,500	2733	4,767	7,500	0%	7500
Trustees Fees	3,500		3,500	3,500	0%	3500
Auditing Services	6,300	0	6,300	6,300	0%	6300
Postage, Phone, Faxes, Copies	50	1	49	50	0%	50
Legal Advertising	1,000	191	809	1,000	0%	1000
Bank Fees	200	0	200	200	0%	200
Dues, Licenses & Fees	175	175	-	175	0%	175
Website ADA Compliance	1,500	462	1,038	1,500	0%	1500
Disclosure Report	2,500	0	2,500	2,500	0%	2500
Tax Collector/Property Appraiser fees	-	0	-	-	0%	0
Arbitrage Rebate Calculation	650	0	650	650	0%	650
Interlocal Cost Share Agreement	-	0	-	-	0%	44801
	-	0	-	-	0%	0
	-	0	-	-	0%	0
	-	0	-	-	0%	0
Total Financial and Administrative	\$ 44,875	\$ 3,562	\$ 41,313	\$ 44,875		\$ 90,216
Insurance						
General Liability	\$ 2,700	3025	\$ -	\$ 3,025	12%	3267
Public Officials Insurance	3,200	0	3,200	3,200	0%	3511
Property & Casualty Insurance	-	0	-	-	0%	0
Deductible	-	0	-	-	0%	0
	-	0	-	-	0%	0
	-	0	-	-	0%	0
	-	0	-	-	0%	0
Total Insurance	\$ 5,900	\$ 3,025	\$ 3,200	\$ 6,225		\$ 6,778
Security Monitoring Services	-	-	-	-	0%	-
MISC Contingency	40,000	6,423	33,577	40,000	0%	13,781
					0%	
					0%	
Special Events	-	-	-	-	0%	-
Holiday Decorations	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
Total Amenity	\$ 40,000	\$ 6,423	\$ 33,577	\$ 40,000		\$ 13,781



***Landscape and Pond Maintenance***

Landscape Maintenance - Contract	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	0%	\$ -
Waterway Management Program	24,500	-	24,500	24,500	0%	24,500
Debris Cleanup	-	-	-	-	0%	-
Wildlife Control	-	-	-	-	0%	-
	-	-	-	-	0%	-
	-	-	-	-	0%	-
<b>Total Landscape and Pond Maintenance</b>	<b>\$ 44,500</b>	<b>\$ -</b>	<b>\$ 44,500</b>	<b>\$ 44,500</b>		<b>\$ 24,500</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 135,275</b>	<b>\$ 13,010</b>	<b>\$ 122,590</b>	<b>\$ 135,600</b>		<b>\$ 135,275</b>
Excess (deficiency) of revenues	\$ -	\$ (13,010)	\$ 12,685	\$ (325)		\$ -
Net change in fund balance	\$ -	\$ (13,010)	\$ 12,685	\$ (325)		\$ -
<b>FUND BALANCE, BEGINNING</b>	<b>\$ (46,902)</b>	<b>\$ (46,902)</b>	<b>\$ (59,912)</b>	<b>\$ (46,902)</b>		<b>\$ (47,227)</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ (46,902)</b>	<b>\$ (59,912)</b>	<b>\$ (47,227)</b>	<b>\$ (47,227)</b>		<b>\$ (47,227)</b>

**Exhibit "A"**  
Allocation of Fund Balances

<b>FISCAL YEAR 2025 RESERVE FUND ANALYSIS</b>		
Beginning Fund Balance - Carry Forward Surplus as of 10/1/2024	\$	(46,902)
Less: Forecasted Surplus/(Deficit) as of 9/30/2025		(325)
<b>Estimated Funds Available - 9/30/2025</b>		<b>(47,227)</b>

<b>FISCAL YEAR 2026 RESERVE FUND ANALYSIS</b>		
Beginning Fund Balance - Carry Forward Surplus as of 10/1/2025	\$	(47,227)
Less: First Quarter Operating Reserve		(33,819) <sup>(1)</sup>
Less: Designated Reserves for Capital Projects		-
Less: Forecasted Surplus/(Deficit) as of 9/30/2026		-
<b>Estimated Remaining Undesignated Cash as of 9/30/2026</b>		<b>(81,046)</b>

**Notes**

(1) Represents approximately 3 months of operating expenditures

## **Southern Hills Plantation II**

Community Development District

### **Debt Service Budgets**

Fiscal Year 2026

**Summary of Revenues, Expenditures and Changes in Fund Balances**

Series 2004 Bonds **DEFAULTED**

Fiscal Year 2026

ACCOUNT DESCRIPTION	ADOPTED BUDGET FY 2024	ACTUAL THRU 3/31/2025	PROJECTED April- 9/30/2025	TOTAL PROJECTED FY 2024	ANNUAL BUDGET FY 2025
<b>REVENUES</b>					
Interest - Investments	\$ -	\$ 3,200	\$ 9,600	\$ 12,800	\$ -
Special Assmnts- Tax Collector	255,190	25,940	32,546	58,486	58,486
<b>TOTAL REVENUES</b>	<b>\$ 255,190</b>	<b>\$ 29,140</b>	<b>\$ 42,146</b>	<b>\$ 71,286</b>	<b>\$ 58,486</b>
<b>EXPENDITURES</b>					
<b>Administrative</b>					
ProfServ - Trustee Fees	\$ -	\$ 11,878	\$ -	\$ 11,878	\$ 11,878
District Counsel	-	5,881	-	5,881	-
<b>Total Administrative</b>	<b>\$0</b>	<b>\$17,759</b>	<b>\$0</b>	<b>\$17,759</b>	<b>\$47,512</b>
<b>Debt Service</b>					
Principal Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Debt Retirement	130,000	-	145,000	145,000	145,000
Interest Expense	125,190	395,000	-	395,000	108,956
<b>Total Debt Service</b>	<b>\$255,190</b>	<b>\$395,000</b>	<b>\$145,000</b>	<b>\$540,000</b>	<b>\$253,956</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 255,190</b>	<b>\$ 412,759</b>	<b>\$ 145,000</b>	<b>\$ 557,759</b>	<b>\$ 301,468</b>
Excess (deficiency) of revenues Over (under) expenditures	-	(383,619)	(102,854)	(486,473)	(242,982)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (383,619)</b>	<b>\$ (102,854)</b>	<b>\$ (486,473)</b>	<b>\$ (242,982)</b>
FUND BALANCE, BEGINNING	\$ (1,819,655)	\$ (1,819,655)	\$ (2,203,274)	\$ (1,819,655)	\$ (2,306,128)
<b>FUND BALANCE, ENDING</b>	<b>\$ (1,819,655)</b>	<b>\$ (2,203,274)</b>	<b>\$ (2,306,128)</b>	<b>\$ (2,306,128)</b>	<b>\$ (2,549,109)</b>

**Southern Hills Plantation**

Community Development District

*Series 2004 Debt Service*

**Southern Hills Plantation  
Special Assessment Revenue Bonds, Series 2004**

<b>Period Ending</b>	<b>Bond Balance</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>
5/1/2005	\$ 3,610,000	\$ 40,000	5.850%	\$ 105,593	
11/1/2005	\$ 3,570,000			\$ 104,423	\$ 250,015
5/1/2006	\$ 3,570,000	\$ 50,000	5.850%	\$ 104,423	
11/1/2006	\$ 3,520,000			\$ 102,960	\$ 257,383
5/1/2007	\$ 3,520,000	\$ 50,000	5.850%	\$ 102,960	
11/1/2007	\$ 3,470,000			\$ 101,498	\$ 254,458
5/1/2008	\$ 3,470,000	\$ 55,000	5.850%	\$ 101,498	
11/1/2008	\$ 3,415,000			\$ 99,889	\$ 256,386
5/1/2009	\$ 3,415,000	\$ 60,000	5.850%	\$ 99,889	
11/1/2009	\$ 3,355,000			\$ 98,134	\$ 258,023
5/1/2010	\$ 3,355,000	\$ 60,000	5.850%	\$ 98,134	
11/1/2010	\$ 3,295,000			\$ 96,379	\$ 254,513
5/1/2011	\$ 3,295,000	\$ 65,000	5.850%	\$ 96,379	
11/1/2011	\$ 3,230,000			\$ 94,478	\$ 255,856
5/1/2012	\$ 3,230,000	\$ 70,000	5.850%	\$ 94,478	
11/1/2012	\$ 3,160,000			\$ 92,430	\$ 256,908
5/1/2013	\$ 3,160,000	\$ 75,000	5.850%	\$ 92,430	
11/1/2013	\$ 3,085,000			\$ 90,236	\$ 257,666
5/1/2014	\$ 3,085,000	\$ 75,000	5.850%	\$ 90,236	
11/1/2014	\$ 3,010,000			\$ 88,043	\$ 253,279
5/1/2015	\$ 3,010,000	\$ 80,000	5.850%	\$ 88,043	
11/1/2015	\$ 2,930,000			\$ 85,703	\$ 253,745
5/1/2016	\$ 2,930,000	\$ 85,000	5.850%	\$ 85,703	
11/1/2016	\$ 2,845,000			\$ 83,216	\$ 253,919
5/1/2017	\$ 2,845,000	\$ 90,000	5.850%	\$ 83,216	
11/1/2017	\$ 2,755,000			\$ 80,584	\$ 253,800
5/1/2018	\$ 2,755,000	\$ 95,000	5.850%	\$ 80,584	
11/1/2018	\$ 2,660,000			\$ 77,805	\$ 253,389
5/1/2019	\$ 2,660,000	\$ 105,000	5.850%	\$ 77,805	
11/1/2019	\$ 2,555,000			\$ 74,734	\$ 257,539
5/1/2020	\$ 2,555,000	\$ 110,000	5.850%	\$ 74,734	
11/1/2020	\$ 2,445,000			\$ 71,516	\$ 256,250
5/1/2021	\$ 2,445,000	\$ 115,000	5.850%	\$ 71,516	
11/1/2021	\$ 2,330,000			\$ 68,153	\$ 254,669
5/1/2022	\$ 2,330,000	\$ 125,000	5.850%	\$ 68,153	
11/1/2022	\$ 2,205,000			\$ 64,496	\$ 257,649
5/1/2023	\$ 2,205,000	\$ 130,000	5.850%	\$ 64,496	
11/1/2023	\$ 2,075,000			\$ 60,694	\$ 255,190
5/1/2024	\$ 2,075,000	\$ 140,000	5.850%	\$ 60,694	
11/1/2024	\$ 1,935,000			\$ 56,599	\$ 257,293
5/1/2025	\$ 1,935,000	\$ 145,000	5.850%	\$ 56,599	
11/1/2025	\$ 1,790,000			\$ 52,358	\$ 253,956
5/1/2026	\$ 1,790,000	\$ 155,000	5.850%	\$ 52,358	
11/1/2026	\$ 1,635,000			\$ 47,824	\$ 255,181
5/1/2027	\$ 1,635,000	\$ 165,000	5.850%	\$ 47,824	
11/1/2027	\$ 1,470,000			\$ 42,998	\$ 255,821

**Southern Hills Plantation**

Community Development District

*Series 2004 Debt Service*

Continued

<b>Period Ending</b>	<b>Bond Balance</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>
5/1/2028	\$ 1,470,000	\$ 175,000	5.850%	\$ 42,998	
11/1/2028	\$ 1,295,000			\$ 37,879	\$ 255,876
5/1/2029	\$ 1,295,000	\$ 185,000	4.750%	\$ 45,244	\$ 650,244
11/1/2029	\$ 1,110,000			\$ 30,875	\$ 30,875
5/1/2030	\$ 1,110,000	\$ 195,000	4.750%	\$ 30,875	\$ 665,875
11/1/2030	\$ 915,000			\$ 30,875	\$ 30,875
5/1/2031	\$ 915,000	\$ 210,000		\$ 30,875	\$ 30,875
11/1/2031	\$ 705,000		4.750%	\$ 30,875	\$ 665,875
5/1/2032	\$ 705,000	\$ 220,000		\$ 30,875	\$ 30,875
11/1/2032	\$ 485,000		4.750%	\$ 30,875	\$ 665,875
5/1/2033	\$ 485,000	\$ 235,000			
11/1/2033	\$ 250,000			\$ 15,794	\$ 15,794
5/1/2034	\$ 250,000	\$ 250,000	4.750%	\$ 15,794	\$ 680,794
	<b>\$ 3,610,000</b>			<b>\$ 3,896,703</b>	<b>\$ 9,596,718</b>

**Summary of Revenues, Expenditures and Changes in Fund Balances**  
 Capital Projects Fund  
 Fiscal Year 2026

ACCOUNT DESCRIPTION	ADOPTED BUDGET FY 2024	ACTUAL THRU 3/31/2025	PROJECTED April- 9/30/2025	TOTAL PROJECTED FY 2024	ANNUAL BUDGET FY 2025
<b>REVENUES</b>					
Interest - Investments	\$ -	\$ 51	\$ -	\$ 51	\$ -
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 51</b>	<b>\$ -</b>	<b>\$ 51</b>	<b>\$ -</b>
<b>EXPENDITURES</b>					
<i><b>Administrative</b></i>					
ProfServ - Trustee Fees	\$ -	\$ -	\$ -	\$ -	\$ -
District Counsel	-	-	-	-	-
<b>Total Administrative</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i><b>Debt Service</b></i>					
Principal Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Debt Retirement	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Excess (deficiency) of revenues Over (under) expenditures	-	51	-	51	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 51</b>	<b>\$ -</b>	<b>\$ 51</b>	<b>\$ -</b>
FUND BALANCE, BEGINNING	\$ 2,413	\$ 2,413	\$ 2,464	\$ 2,413	\$ 2,464
<b>FUND BALANCE, ENDING</b>	<b>\$ 2,413</b>	<b>\$ 2,464</b>	<b>\$ 2,464</b>	<b>\$ 2,464</b>	<b>\$ 2,464</b>

## **Southern Hills Plantation II**

Community Development District

### **Supporting Budget Schedules**

Fiscal Year 2026



**Assessment Summary**  
**Fiscal Year 2026 vs. Fiscal Year 2025**

**ASSESSMENT ALLOCATION**

Assessment Area One- Series 2004 Defaulted											
Product	OM Units	DS Units	O&M Assessment			Debt Service Series 2004 Defaulted			Total Assessments per Unit		
			FY 2025	FY 2024	Dollar Change	FY 2025	FY 2024	Dollar Change	FY 2025	FY 2024	Dollar Change
Unit	382	205	\$ 376.73	\$ 376.73	\$ (0.00)	\$ 303.51	\$ 303.51	\$ -	\$ 680.24	\$ 680.24	\$ (0.00)



# Denise LaVancher

## *Hernando County Supervisor of Elections*

16264 Spring Hill Drive  
Brooksville, FL 34604  
P: 352.754.4125 • F: 352.754.4425

April 15, 2025

Southern Hills Plantation II Community Development District  
2654 Cypress Ridge Blvd, Suite 101  
Wesley Chapel, Florida 33544

Dear Ms. Slaughter:

As of April 15, 2025, there are 258 registered voters within the Southern Hills Plantation II Community Development District.

Should you need any further assistance, please do not hesitate to contact me.

Sincerely,

Claudia Billotte  
Candidate Specialist/Voter Services  
Hernando County Supervisor of Elections  
16264 Spring Hill Drive  
Brooksville, FL 34604

Enclosure

Date 4/15/2025

Time 08:28 AM

**Denise LaVancher**  
**Supervisor of Elections**  
**Active Voters by District/Precinct**

Hernando County, FL

**SOUTHERN HILLS 2**

510	JEROME BROWN COMMUN	<u>Dem</u>	<u>Rep</u>	<u>NPA</u>	<u>Other</u>	<u>Total</u>	<u>White</u>	<u>Black</u>	<u>Hispanic</u>	<u>Other</u>	<u>Male</u>	<u>Female</u>	<u>Other</u>
		48	163	44	3	258	241	3	13	1	121	136	1
	<b>SOUTHERN HILLS 2</b>	<u>48</u>	<u>163</u>	<u>44</u>	<u>3</u>	<u>258</u>	<u>241</u>	<u>3</u>	<u>13</u>	<u>1</u>	<u>121</u>	<u>136</u>	<u>1</u>

**MINUTES OF THE LANDOWNERS' ELECTION  
SOUTHERN HILLS PLANTATION II  
COMMUNITY DEVELOPMENT DISTRICT**

The Landowner's Election of the Board of Supervisors for the Southern Hills Plantation II Community Development District was held on **Friday, November 8, 2024, at 10:30 a.m.** at the Cascades Clubhouse located at 5459 Cotillion Blvd., Brooksville, FL 34601.

**Present at the meeting were:**

Matt Pallardy	Chairman
John Franz	Vice Chairman
Cheryl Bernal	Assistant Secretary
Wesley Jones	Assistant Secretary
Brenden Crawford	District Manager, Inframark
Andy Mendenhall	District Manager, Inframark
Michelle Reiss	District Counsel

There were no landowners present in the audience.

**FIRST ORDER OF BUSINESS**

**Call to Order**

Mr. Mendenhall called the Landowner's Election of the Board of Supervisors of the Southern Hills Plantation II Community Development District to order.

**SECOND ORDER OF BUSINESS**

**Determination of Number of Voting Units Represented**

There are 390 voting units represented.

**THIRD ORDER OF BUSINESS**

**Election of a Chairperson for the Purpose of Conducting the Landowners' Meeting**

Mr. Mendenhall will serve as the Chairman.

**FOURTH ORDER OF BUSINESS**

**Nominations for the Position of Supervisor**

**FIFTH ORDER OF BUSINESS**

**Casting of Ballots**

Ballots were cast.

**SIXTH ORDER OF BUSINESS**

**Ballot Tabulation**

Matt Pallardy received three-hundred and ninety (390) votes and will serve for Seat 3 with a two-year term, and Cheryl Bernal received three-hundred and ninety (390) vote and will serve for Seat 5 with a two-year term.

**SEVENTH ORDER OF BUSINESS**

**Landowners' Questions or Comments**

None.

November 8, 2024  
Landowners' Meeting

Southern Hills Plantation II CDD

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**6. ADJOURNMENT**

On MOTION by Mr. Pallardy seconded by Mr. Franz, with all in favor, the Landowners' Meeting was adjourned.
--

# MINUTES OF THE REGULAR MEETING SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Southern Hills Plantation II Community Development District was held on Friday, November 8, 2024, and called to order at 10:35 a.m. at the Cascades Clubhouse, located at 5459 Cotillion Boulevard, Brooksville, FL 34601.

Present and constituting a quorum were:

Matt Pallardy	Chairperson
John Franz	Vice Chairperson
Wesley Jones	Assistant Secretary
Cheryl Bernal	Assistant Secretary

Also present were:

Brenden Crawford	District Manager
Michelle Reiss	District Counsel
Andy Mendenhall	Regional Director
Various Residents	

*The following is a summary of the discussions and actions taken.*

## **FIRST ORDER OF BUSINESS**

### **Call to Order/Roll Call**

Mr. Mendenhall called the meeting to order, and a quorum was established.

## **SECOND ORDER OF BUSINESS**

### **Organizational Matters**

#### **A. Consideration of Resolution 2025-01; Canvassing and Certifying the Results of the Landowners' Election**

On MOTION by Mr. Pallardy seconded by Mr. Jones, with all in favor, Resolution 2025;01; Canvassing and Certifying the Results of the Landowners' Election with Matt Pallardy, Seat 3 and Cheryl Bernal, Seat 5 was adopted. 4-0

#### **B. Oath of Office**

The Oath of Office was administered to Mr. Pallardy and Ms. Bernal.

November 08, 2024

Southern Hills Plantation II CDD

**C. Consideration of Resolution 2025-02; Election of Officers**

On MOTION by Mr. Pallardy seconded by Mr. Franz, with all in favor, Resolution 2025-02 designating officers as Mr. Pallardy – Chairman, Mr. Franz – Vice Chairman, Mr. Lamb – Secretary, Mr. Davidson – Treasurer, Ms. Popelka – Assistant Treasurer, Ms. Montagna – Assistant Treasurer, and Mr. Jones, Ms. Bernal, Mr. Spivey, Mr. Crawford and Mr. Mendenhall – Assistant Secretaries was adopted. 4-0

**THIRD ORDER OF BUSINESS**

**Public Comment on Agenda Items**  
*(Comments limited to (3) minutes per speaker)*

None.

**FOURTH ORDER OF BUSINESS****Business Items****A. Consideration of McDirmit Davis Audit Engagement Letter for Fiscal Year 2024**

On MOTION by Mr. Franz seconded by Mr. Pallardy, with all in favor, the McDirmit Davis audit engagement for Fiscal Year 2024 was approved. 4-0

**B. Consideration of Resolution 2025-03; Budget Amendment for Fiscal Year 2024**

On MOTION by Mr. Pallardy seconded by Mr. Franz, with all in favor, Resolution 2025-03 amending the budget for Fiscal Year 2024 was adopted. 4-0

**C. General Matters of the District**

- There being none, the next order of business followed.

**FIFTH ORDER OF BUSINESS****Staff Reports****A. District Counsel****B. District Engineer****C. District Manager**

- There being no reports, the next order of business followed.

**SIXTH ORDER OF BUSINESS****Consent Agenda****A. Consideration of Board of Supervisors' Minutes of the September 13, 2024 Budget Public Hearing and Regular Meeting****B. Consideration of Operation and Maintenance Expenditures from August – September 2024 (To be Sent Under Separate Cover)****C. Acceptance of the Financials and Approval of the Check Register as of August 31, 2024, and September 30, 2024**

87 On MOTION by Mr. Pallardy seconded by Mr. Franz, with all in  
88 favor, the Consent Agenda was approved. 4-0

91 **SEVENTH ORDER OF BUSINESS**

**Board of Supervisors' Requests and  
Comments**

93 None.

95 **EIGHTH ORDER OF BUSINESS**

**Public Comments**

96 None.

98 **NINTH ORDER OF BUSINESS**

**Adjournment**

99 There being no further business,

101 On MOTION by Mr. Pallardy seconded by Mr. Franz with all in  
102 favor, the meeting was adjourned. 4-0

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105 \_\_\_\_\_  
106 Brenden Crawford  
District Manager

\_\_\_\_\_  
Matt Pallardy  
Chairperson



<p align="center"><b>SOUTHERN HILLS PLANTATION II CDD</b></p> <p align="center"><b>Summary of Operations and Maintenance Invoices</b></p>
---

Vendor	Invoice Date	Invoice/Account Number	Amount	Invoice Total	Comments/Description
<b>Additional Services</b>					
SOUTHERN HILLS PLANTATION I CDD	4/1/2025	OMR0401 2	\$20,000.00	\$20,000.00	Interlocal Agreement
<b>Additional Services Subtotal</b>			<b>\$20,000.00</b>	<b>\$20,000.00</b>	
<b>TOTAL</b>			<b>\$20,000.00</b>	<b>\$20,000.00</b>	

# INVOICE

**DATE:** 1-Apr-2025  
**INVOICE #** OMR0401 2  
**DUE:** UPON RECEIPT

Southern Hills Plantation II CDD  
Attn: Brenden Crawford  
2654 Cypress Ridge Blvd. Ste 101  
Wesley Chapel FL 33544

If you have any questions regarding this invoice please contact Jia Lu at 561-571-0010 ext. 310.

# **Southern Hill Plantation II Community Development District**

Financial Statements  
(Unaudited)

Period Ending  
April 30, 2025

Prepared by:



2005 Pan Am Circle ~ Suite 300 ~ Tampa, Florida 33607  
Phone (813) 873-7300 ~ Fax (813) 873-7070

## SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT

## Balance Sheet

As of April 30, 2025

(In Whole Numbers)

ACCOUNT DESCRIPTION	GENERAL FUND	SERIES 2004 DEBT SERVICE FUND	CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS FUND	GENERAL LONG-TERM DEBT FUND	TOTAL
<b>ASSETS</b>						
Cash - Operating Account	\$ 107,767	\$ -	\$ -	\$ -	\$ -	\$ 107,767
Assessments Receivable - Tax Collector	40,969	98,082	-	-	-	139,051
Assessments Receivable - District Collected	458,633	513,469	-	-	-	972,102
Allowance Uncollected Assessments	(499,602)	(611,551)	-	-	-	(1,111,153)
Due From Other Funds	-	91,820	17	-	-	91,837
Investments:						
SBA Account	158	-	-	-	-	158
Construction Fund	-	-	2,601	-	-	2,601
Deferred Cost	-	18	-	-	-	18
Prepayment Account	-	5,863	-	-	-	5,863
Revenue Fund	-	118,620	-	-	-	118,620
Deposits	1,830	-	-	-	-	1,830
Fixed Assets						
Improvements Other Than Buildings (IOTB)	-	-	-	2,459,760	-	2,459,760
Infrastructure	-	-	-	926,943	-	926,943
Amount Avail In Debt Services	-	-	-	-	92,210	92,210
Amount To Be Provided	-	-	-	-	1,902,790	1,902,790
<b>TOTAL ASSETS</b>	<b>\$ 109,755</b>	<b>\$ 216,321</b>	<b>\$ 2,618</b>	<b>\$ 3,386,703</b>	<b>\$ 1,995,000</b>	<b>\$ 5,710,397</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	-
Due To Other Districts	80,000	-	-	-	-	80,000
Bonds Payable	-	-	-	-	1,995,000	1,995,000
Due To Other Funds	91,837	-	-	-	-	91,837
<b>TOTAL LIABILITIES</b>	<b>171,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,995,000</b>	<b>2,166,837</b>

## SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT

## Balance Sheet

As of April 30, 2025

(In Whole Numbers)

ACCOUNT DESCRIPTION	GENERAL FUND	SERIES 2004 DEBT SERVICE FUND	CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS FUND	GENERAL LONG-TERM DEBT FUND	TOTAL
<b><u>FUND BALANCES</u></b>						
Restricted for:						
Debt Service	-	216,321	-	-	-	216,321
Capital Projects	-	-	2,618	-	-	2,618
Unassigned:	(62,082)	-	-	3,386,703	-	3,324,621
<b>TOTAL FUND BALANCES</b>	<b>(62,082)</b>	<b>216,321</b>	<b>2,618</b>	<b>3,386,703</b>	<b>-</b>	<b>3,543,560</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 109,755</b>	<b>\$ 216,321</b>	<b>\$ 2,618</b>	<b>\$ 3,386,703</b>	<b>\$ 1,995,000</b>	<b>\$ 5,710,397</b>

**SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT****Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Period Ending April 30, 2025

General Fund (001)

(In Whole Numbers)

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)	YTD ACTUAL AS A % OF ADOPTED BUD
<b><u>REVENUES</u></b>				
Special Assmnts- Tax Collector	\$ 135,275	\$ 68,398	\$ (66,877)	50.56%
Special Assmnts- CDD Collected	-	3,290	3,290	0.00%
<b>TOTAL REVENUES</b>	<b>135,275</b>	<b>71,688</b>	<b>(63,587)</b>	<b>52.99%</b>
<b><u>EXPENDITURES</u></b>				
<b><u>Administration</u></b>				
Supervisor Fees	1,600	-	1,600	0.00%
ProfServ-Arbitrage Rebate	650	-	650	0.00%
ProfServ-Trustee Fees	3,500	-	3,500	0.00%
Disclosure Report	2,500	-	2,500	0.00%
District Counsel	10,000	2,733	7,267	27.33%
District Engineer	1,000	3,428	(2,428)	342.80%
District Manager	18,000	10,500	7,500	58.33%
Auditing Services	6,300	5,500	800	87.30%
Website Compliance	1,500	-	1,500	0.00%
Postage, Phone, Faxes, Copies	50	1	49	2.00%
Public Officials Insurance	3,300	3,000	300	90.91%
Legal Advertising	1,000	191	809	19.10%
Bank Fees	200	-	200	0.00%
Website Administration	900	537	363	59.67%
Dues, Licenses, Subscriptions	175	175	-	100.00%
<b>Total Administration</b>	<b>50,675</b>	<b>26,065</b>	<b>24,610</b>	<b>51.44%</b>
<b><u>Other Physical Environment</u></b>				
Waterway Management	24,500	-	24,500	0.00%
Insurance - General Liability	3,100	3,025	75	97.58%
Landscape Maintenance	20,000	-	20,000	0.00%
Misc-Contingency (Interlocal)	37,000	26,423	10,577	71.41%
<b>Total Other Physical Environment</b>	<b>84,600</b>	<b>29,448</b>	<b>55,152</b>	<b>34.81%</b>
<b>TOTAL EXPENDITURES</b>	<b>135,275</b>	<b>55,513</b>	<b>79,762</b>	<b>41.04%</b>
Excess (deficiency) of revenues				
Over (under) expenditures	-	16,175	16,175	0.00%
<b>FUND BALANCE, BEGINNING (OCT 1, 2024)</b>		<b>(78,257)</b>		
<b>FUND BALANCE, ENDING</b>		<b>\$ (62,082)</b>		

**SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT****Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Period Ending April 30, 2025

Series 2004 Debt Service Fund (200)

*(In Whole Numbers)*

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)	YTD ACTUAL AS A % OF ADOPTED BUD
<b><u>REVENUES</u></b>				
Interest - Investments	\$ -	\$ 2,656	\$ 2,656	0.00%
Special Assmnts- Tax Collector	58,486	27,406	(31,080)	46.86%
Special Assmnts- CDD Collected	-	1,422	1,422	0.00%
<b>TOTAL REVENUES</b>	<b>58,486</b>	<b>31,484</b>	<b>(27,002)</b>	<b>53.83%</b>
<b><u>EXPENDITURES</u></b>				
<b><u>Debt Service</u></b>				
Principal Debt Retirement	145,000	-	145,000	0.00%
Interest Expense	108,956	-	108,956	0.00%
<b>Total Debt Service</b>	<b>253,956</b>	<b>-</b>	<b>253,956</b>	<b>0.00%</b>
<b>TOTAL EXPENDITURES</b>	<b>253,956</b>	<b>-</b>	<b>253,956</b>	<b>0.00%</b>
Excess (deficiency) of revenues				
Over (under) expenditures	(195,470)	31,484	226,954	-16.11%
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Contribution to (Use of) Fund Balance	(195,470)	-	195,470	0.00%
<b>TOTAL FINANCING SOURCES (USES)</b>	<b>(195,470)</b>	<b>-</b>	<b>195,470</b>	<b>0.00%</b>
Net change in fund balance	<u>\$ (195,470)</u>	<u>\$ 31,484</u>	<u>\$ 617,894</u>	<u>-16.11%</u>
<b>FUND BALANCE, BEGINNING (OCT 1, 2024)</b>		<b>184,837</b>		
<b>FUND BALANCE, ENDING</b>		<u><b>\$ 216,321</b></u>		

**SOUTHERN HILLS PLANTATION II COMMUNITY DEVELOPMENT DISTRICT****Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Period Ending April 30, 2025

Capital Projects Fund (300)

*(In Whole Numbers)*

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)	YTD ACTUAL AS A % OF ADOPTED BUD
<b><u>REVENUES</u></b>				
Interest - Investments	\$ -	\$ 65	\$ 65	0.00%
<b>TOTAL REVENUES</b>	<b>-</b>	<b>65</b>	<b>65</b>	<b>0.00%</b>
<b><u>EXPENDITURES</u></b>				
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
Excess (deficiency) of revenues				
Over (under) expenditures	-	65	65	0.00%
<b>FUND BALANCE, BEGINNING (OCT 1, 2024)</b>		<b>2,553</b>		
<b>FUND BALANCE, ENDING</b>		<b><u>\$ 2,618</u></b>		



**Bank Account No.** 8371

**Statement No.** 25 04

**Statement Date** 04/30/25

**Warning!** Bank reconciliation might not be possible because there are direct posting entries. For more information, see <https://go.microsoft.com/fwlink/?>

Posting Date	Document Type	Document No.	Vendor	Description	Amount	Cleared Amount	Difference
Deposits							
04/04/2025		BD00015	Special Assmnts-Tax Collector	Deposit No. BD00015	3,005.38	3,005.38	0.00
Total Deposits					3,005.38	3,005.38	0.00
Checks							
04/08/2025		1564	SOUTHERN HILLS PLANTATION II	Check for Vendor V00012	-907.16	-907.16	0.00
04/10/2025		100012	INFRAMARK LLC	Inv: 147119	-1,575.00	-1,575.00	0.00
04/11/2025		1565	MCDIRMIT DAVIS & COMPANY LLC	Check for Vendor V00015	-5,500.00	-5,500.00	0.00
Total Checks					-7,982.16	-7,982.16	0.00
Outstanding Checks							
07/03/24	Payment	1541	CASCADES AT SOUTHERN HILLS	Check for Vendor V00013			-24,500.00
04/21/25	Payment	100013	SOUTHERN HILLS PLANTATION I CDD	Inv: OMR0401 2			-20,000.00
Total Outstanding Checks							-44,500.00

# **Financial Report**

**September 30, 2023**

## **Southern Hills Plantation II Community Development District**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
*Southern Hills Plantation II Community Development District*

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Southern Hills Plantation II Community Development District* (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Unmodified Opinions on General, Debt Service and Capital Projects Funds*

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund, Debt Service Fund and Capital Projects Fund of the District, as of September 30, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Adverse Opinion on Governmental Activities and Special Revenue Fund*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the governmental activities and Special Revenue Fund financial statements do not present fairly, the financial position of the Special Revenue Fund and the Governmental Activities of Southern Hills Plantation II Community Development District as of September 30, 2023, or the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Adverse and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

#### *Matters Giving Rise to Adverse Opinion on Governmental Activities and Special Revenue Fund*

Management has not included financial data for the Special Purpose Entity ("SPE"), which is a blended component unit, Special Revenue Fund in the Southern Hills Plantation II Community Development District's financial statements. Accounting principles generally accepted in the United States of America require financial data of this component unit to be reported with the financial data of the District if the nature and significance of its relationship with the District is such that, if excluded, the financial statements of the District would be considered misleading. We believe that the exclusion of the financial data of the above mentioned component unit results in financial statements that are misleading.

### Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

As discussed in Notes 5, 8 and 10 to the financial statements, the District's financial conditions are deteriorating. The District did not collect sufficient assessments to make the scheduled debt service payments in the current and prior years on its Bonds outstanding. As a result, the Special Purpose Entities discussed in Note 10 were created to own, manage and sell the property subject to the delinquent assessments.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*McDiarmid Davis*

Orlando, Florida  
February 11, 2025

## Southern Hills Plantation II Community Development District Management's Discussion and Analysis

---

Our discussion and analysis of *Southern Hills Plantation II Community Development District's*, (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

### Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2023 by \$(2,086,003), an increase in net position of \$101,281 in comparison with the prior year.
- At September 30, 2023, the District's governmental funds reported combined fund balance deficit of \$(2,844,671), an increase in fund balance of \$8,660 in comparison with the prior year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the *Southern Hills Plantation II Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, and maintenance and operations related functions.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: Governmental Funds.

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

#### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Government-Wide Financial Analysis**

Statement of Net Position - The District's net position was \$(2,086,003) at September 30, 2023. The following analysis focuses on the net position of the District's governmental activities.

	<b>2023</b>	<b>2022</b>
Assets, excluding capital assets	\$ 541,770	\$ 450,321
Capital assets, net of depreciation	<u>2,830,533</u>	<u>2,867,611</u>
<b>Total assets</b>	<u>3,372,303</u>	<u>3,317,932</u>
Liabilities, excluding long-term liabilities	3,466,662	3,383,873
Long-term liabilities	<u>1,991,644</u>	<u>2,121,343</u>
<b>Total liabilities</b>	<u>5,458,306</u>	<u>5,505,216</u>
Net Position:		
Net investment in capital assets	(431,111)	(393,732)
Restricted for capital projects	2,430	2,343
Unrestricted	<u>(1,657,322)</u>	<u>(1,795,895)</u>
<b>Total net position</b>	<u><u>\$ (2,086,003)</u></u>	<u><u>\$ (2,187,284)</u></u>

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues	\$ 175,880	\$ 137,810
General revenues	14	207
Special Item	216,509	-
<b>Total revenues and special item</b>	<u>392,403</u>	<u>138,017</u>
Expenses:		
General government	60,056	56,967
Maintenance and operations	39,762	39,575
Interest on long-term debt	191,304	191,304
<b>Total expenses</b>	<u>291,122</u>	<u>287,846</u>
<b>Change in net position</b>	101,281	(149,829)
Net position, beginning	<u>(2,187,284)</u>	<u>(2,037,455)</u>
<b>Net position, ending</b>	<u><u>\$ (2,086,003)</u></u>	<u><u>\$ (2,187,284)</u></u>

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2023 was \$291,122. The majority of these costs are comprised of interest on long term debt.

#### **Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2023, the District's governmental funds reported a combined ending fund balance of \$(2,844,671). Of this total, \$1,830 is nonspendable, \$2,430 is restricted, and the remainder is an unassigned negative fund balance of \$(2,848,931).

The fund balance of the general fund increased by \$252,930 primarily due to forgiveness of liabilities. The debt service fund balance decreased by \$244,357 because of developer nonpayment of assessments. The capital projects fund balance did not change significantly.

#### **General Fund Budgetary Highlights**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the general fund budget. The legal level of budgetary control is at the fund level. More detailed information about the District's budget is presented in the notes to the financial statements.

#### **Capital Asset and Debt Administration**

##### *Capital Assets*

At September 30, 2023, the District had \$2,830,533 invested in land and infrastructure, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.



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*Capital Debt*

At September 30, 2023, the District had \$3,265,000 in bonds outstanding including \$1,270,000 of matured bonds payable. More detailed information about the District's capital debt is presented in the notes to the financial statements.

**Requests for Information**

If you have questions about this report or need additional financial information, contact the *Southern Hills Plantation II Community Development District's* Finance Department at 2005 Pan Am Circle Suite 300, Tampa, FL 33607.

## FINANCIAL STATEMENTS

Southern Hills Plantation II Community Development District  
**Statement of Net Position**  
September 30, 2023

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 91,544
Investments	158
Assessments receivable	1,665
Deposits	1,830
Restricted assets:	
Temporarily restricted investments	446,573
Capital assets:	
Capital assets not being depreciated	2,459,760
Capital assets being depreciated, net	370,773
<b>Total assets</b>	<b>3,372,303</b>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	11,802
Matured bonds payable	1,270,000
Matured interest payable	2,024,639
Accrued interest payable	80,221
Due to other	80,000
Noncurrent liabilities:	
Due within one year	140,000
Due in more than one year	1,851,644
<b>Total liabilities</b>	<b>5,458,306</b>
<b>Net Position</b>	
Net investment in capital assets	(431,111)
Restricted for capital projects	2,430
Unrestricted	(1,657,322)
<b>Total net position</b>	<b>\$ (2,086,003)</b>

## Southern Hills Plantation II Community Development District

**Statement of Activities**

Year Ended September 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 60,056	\$ 54,294	\$ -	\$ -	\$ (5,762)
Maintenance and operations	39,762	35,947	-	-	(3,815)
Interest on long-term debt	191,304	70,332	15,220	87	(105,665)
<b>Total governmental activities</b>	<b>\$ 291,122</b>	<b>\$ 160,573</b>	<b>\$ 15,220</b>	<b>\$ 87</b>	<b>(115,242)</b>
General Revenues and Special Item:					
Interest income					14
Gain on forgiveness of liabilities					216,509
<b>Total general revenues</b>					<b>216,523</b>
<b>Change in net position</b>					<b>101,281</b>
Net position, beginning					(2,187,284)
<b>Net position, ending</b>					<b>\$ (2,086,003)</b>

Southern Hills Plantation II Community Development District  
**Balance Sheet - Governmental Funds**  
September 30, 2023

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash	\$ 91,544	\$ -	\$ -	\$ 91,544
Investments	158	444,143	2,430	446,731
Assessments receivable	958	707	-	1,665
Due from other funds	-	105,522	-	105,522
Deposits	1,830	-	-	1,830
<b>Total assets</b>	<b>\$ 94,490</b>	<b>\$ 550,372</b>	<b>\$ 2,430</b>	<b>\$ 647,292</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 11,802	\$ -	\$ -	\$ 11,802
Due to other funds	105,522	-	-	105,522
Due to other governments	80,000	-	-	80,000
Matured bonds payable	-	1,270,000	-	1,270,000
Matured interest payable	-	2,024,639	-	2,024,639
<b>Total liabilities</b>	<b>197,324</b>	<b>3,294,639</b>	<b>-</b>	<b>3,491,963</b>
<b>Fund Balances:</b>				
Nonspendable	1,830	-	-	1,830
Restricted for capital projects	-	-	2,430	2,430
Unassigned	(104,664)	(2,744,267)	-	(2,848,931)
<b>Total fund balances</b>	<b>(102,834)</b>	<b>(2,744,267)</b>	<b>2,430</b>	<b>(2,844,671)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 94,490</b>	<b>\$ 550,372</b>	<b>\$ 2,430</b>	

**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 2,830,533

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(80,221)	
Bonds payable	(1,991,644)	(2,071,865)
<b>Net Position of Governmental Activities</b>		<b>\$ (2,086,003)</b>

Southern Hills Plantation II Community Development District  
**Statement of Revenues, Expenditures and Changes in the Fund Balances**  
**Governmental Funds**  
Year Ended September 30, 2023

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Special assessments	\$ 90,241	\$ 70,332	\$ -	\$ 160,573
Investment income	14	15,220	87	15,321
Miscellaneous revenue	-	-	-	-
<b>Total revenues</b>	<b>90,255</b>	<b>85,552</b>	<b>87</b>	<b>175,894</b>
<b>Expenditures:</b>				
Current				
General government	51,150	8,906	-	60,056
Maintenance and operations	2,684	-	-	2,684
Debt Service:				
Interest	-	191,003	-	191,003
Principal	-	130,000	-	130,000
<b>Total expenditures</b>	<b>53,834</b>	<b>329,909</b>	<b>-</b>	<b>383,743</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>36,421</b>	<b>(244,357)</b>	<b>87</b>	<b>(207,849)</b>
<b>Other Financing Sources (Uses):</b>				
Gain on forgiveness of liabilities	216,509	-	-	216,509
<b>Total other financing sources (uses)</b>	<b>216,509</b>	<b>-</b>	<b>-</b>	<b>216,509</b>
Net change in fund balances	252,930	(244,357)	87	8,660
Fund balances (deficit), beginning of year	(355,764)	(2,499,910)	2,343	(2,853,331)
<b>Fund balances (deficit), end of year</b>	<b>\$ (102,834)</b>	<b>\$ (2,744,267)</b>	<b>\$ 2,430</b>	<b>\$ (2,844,671)</b>

Southern Hills Plantation II Community Development District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

Year Ended September 30, 2023

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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds	\$ 8,660
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Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(37,078)
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Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.

130,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond discount	(301)
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**Change in Net Position of Governmental Activities**

\$ 101,281
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Southern Hills Plantation II Community Development District  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
Year Ended September 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Special Assessments	\$ 75,000	\$ 75,000	\$ 90,241	\$ 15,241
Investment income	-	-	14	14
<b>Total revenues</b>	<b>75,000</b>	<b>75,000</b>	<b>90,255</b>	<b>15,255</b>
<b>Expenditures:</b>				
Current				
General government	41,560	41,560	51,150	(9,590)
Maintenance and operations	33,440	33,440	2,684	30,756
<b>Total expenditures</b>	<b>75,000</b>	<b>75,000</b>	<b>53,834</b>	<b>21,166</b>
<b>Excess (deficit) of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>36,421</b>	<b>36,421</b>
<b>Other Financing Sources (Uses):</b>				
Gain on forgiveness of liabilities	-	-	216,509	216,509
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>216,509</b>	<b>216,509</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>252,930</b>	<b>252,930</b>
Fund balance (deficit), beginning of year	(355,764)	(355,764)	(355,764)	-
<b>Fund balance (deficit), end of year</b>	<b>\$ (355,764)</b>	<b>\$ (355,764)</b>	<b>\$ (102,834)</b>	<b>\$ 252,930</b>



## NOTES TO FINANCIAL STATEMENTS

## **NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

The *Southern Hills Plantation II Community Development District*, (the "District") was created by City of Brooksville, Florida Ordinance 677 enacted on August 2, 2004 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 Florida Statutes. The Act provides among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the "Board"), which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. The previous Developers, LandMar, LLC and Levitt & Sons, LLC, both filed for bankruptcy protection in prior years. A significant portion of the land owned by the previous developers was sold to C.A.S.H. Holdings, LLC ("Developer"). Four of the Board members are associated with the Developers at September 30, 2023.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. Management has determined that there are no entities considered to be component units of the District.

### **Government-Wide and Fund Financial Statements**

The financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the district and benefited by the District's activities. Assessments are levied by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following governmental funds, which are considered to be major funds:

*General Fund* - Is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Debt Service Fund* - Accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

*Capital Projects Fund* - Accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

*Restricted Assets*

These assets represent cash and investments set aside pursuant to bond covenants.

*Deposits and Investments*

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value. The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415, Florida Statutes.

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Assessments Receivable*

Assessments receivable are reported net of an allowance for uncollectibles. The District receivables are reported net of an allowance for doubtful accounts of \$499,602 in the general fund and \$611,551 in the debt service fund.

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**NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Stormwater systems	25

*Long Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

*Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

*Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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**NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

**Other Disclosures**

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

*New Accounting Standards Issued*

In fiscal year 2023, the District has not implemented any new accounting standards with a material effect on the District's financial statements.

**NOTE 2                      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Appropriations in Excess of Estimated Revenues and Available Fund Balance**

For the year ended September 30, 2023, appropriations in the general fund exceeded estimated revenues and available fund balance due to a beginning fund balance deficit.

## NOTE 3 DEPOSITS AND INVESTMENTS

### Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

### Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indenture. Authorized District investments include:

1. The Local Government Surplus Funds Trust (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury.

Investments made by the District at September 30, 2023 are summarized below.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Rating</b>	<b>Weighted Average Maturity</b>
US Bank MMt	\$ 446,556	N/A	N/A
Fidelity Government Portfolio III	17	AAAm	29 days
Florida Prime	158	AAAm	35 days
Total Investments	<u>\$ 446,731</u>		

### **NOTE 3            DEPOSITS AND INVESTMENTS (CONTINUED)**

#### *Credit Risk*

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating. Investment ratings by investment type are included in the preceding summary of investments.

#### *Custodial Credit Risk*

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2023, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

#### *Concentration of Credit Risk*

The District places no limit on the amount the District may invest in any one issuer.

#### *Interest Rate Risk*

The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Infrastructure under construction	\$ 2,459,760	\$ -	\$ -	\$ 2,459,760
<b>Total capital assets not being depreciated</b>	<b>2,459,760</b>	<b>-</b>	<b>-</b>	<b>2,459,760</b>
Capital Assets Being Depreciated:				
Stormwater system	926,943	-	-	926,943
<b>Total capital assets being depreciated</b>	<b>926,943</b>	<b>-</b>	<b>-</b>	<b>926,943</b>
Less Accumulated Depreciation for:				
Stormwater system	(519,092)	(37,078)	-	(556,170)
<b>Total accumulated depreciation</b>	<b>(519,092)</b>	<b>(37,078)</b>	<b>-</b>	<b>(556,170)</b>
<b>Total capital assets being depreciated, net</b>	<b>407,851</b>	<b>(37,078)</b>	<b>-</b>	<b>370,773</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,867,611</b>	<b>\$ (37,078)</b>	<b>\$ -</b>	<b>\$ 2,830,533</b>

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$19.6 million. The infrastructure will include roadways, potable water and wastewater systems, recreational facilities and land improvements including wetland mitigation areas. Upon completion of the project, certain improvements are to be conveyed to other governmental entities. Due to the bankruptcy of the previous Developers and current economic conditions, the project has been placed on hold. Further, due to the uncertainty as to the completion of the project within a reasonable period of time, the infrastructure may not be able to be used for its intended purpose as anticipated in the original project description. There is no estimate at this time for the additional funding that might be required if there is a change to the project.

In connection with the 2004 project, the District established a deferred cost investment account reported in the capital projects fund. During a prior year, the deferred cost account was used to pay debt service at the direction of the majority bondholders.

Depreciation expense for 2023 was charged to maintenance and operations expense.

**NOTE 5 LONG-TERM LIABILITIES**

On December 1, 2004 the District issued \$3,610,000 of Capital Improvement Revenue Bonds Series 2004, due on May 1, 2034 with a fixed interest rate of 5.85%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal is paid annually commencing May 1, 2005 through May 1, 2034.

The Series 2004 Bonds are subject to redemption at the option of the District prior to their maturity. The Series 2004 Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was not in compliance with certain requirements of the Bond Indenture at September 30, 2023.



**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2004 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

During the current fiscal year, the Developers did not pay most of the fiscal year 2023 special assessments which ultimately secure the Bonds. As a result, the District did not have sufficient funds for the debt service payments due on November 1, 2022 and May 1, 2023, therefore the debt service payment was not made. The amounts have been accrued on the fund financial statements as matured bonds and interest payable. The inability of the District to pay its debt service is considered an event of default.

Total principal and interest remaining on the Series 2004 Revenue Bonds at September 30, 2023 is \$6,854,808, including \$3,294,639 of matured bonds and interest payable. For the year ended September 30, 2023, principal and interest due of \$321,003 was not paid and was accrued to matured bonds and interest payable. Special assessment revenue pledged for the year was \$70,332.

Long-term debt activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable- Public Offering:					
Series 2004	\$ 2,125,000	\$ -	\$ (130,000)	\$ 1,995,000	\$ 140,000
Less: issuance discount	(3,657)	-	301	(3,356)	-
<b>Governmental activity long-term liabilities</b>	<u>\$ 2,121,343</u>	<u>\$ -</u>	<u>\$ (129,699)</u>	<u>\$ 1,991,644</u>	<u>\$ 140,000</u>

The beginning balance in the schedule above includes a reduction of \$1,140,000 of principal due in prior years, which remains unpaid. The current year reduction of \$130,000 was accrued to matured bonds payable. At September 30, 2023, matured bonds payable totals \$1,270,000.

At September 30, 2023, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 140,000	\$ 191,003
2025	145,000	182,813
2026	155,000	174,330
2027	165,000	165,263
2028	175,000	155,610
2029-2033	1,045,000	611,910
2034	170,000	84,240
	<u>\$ 1,995,000</u>	<u>\$ 1,565,169</u>

## **NOTE 6 INTERFUND BALANCES**

Interfund balances at September 30, 2023, were as follows:

Due to/from other funds in the amount of \$105,552 for the portion of the debt service assessment collected in the general fund in the current and prior years not yet remitted to the debt service fund.

## **NOTE 7 DEFICIT NET POSITION**

The District has a government-wide net deficit of \$2,086,003 at September 30, 2023, resulting from the non-payment of assessments by major landowners.

## **NOTE 8 RELATED PARTY TRANSACTIONS AND CONCENTRATIONS**

### **Developers**

The Developer owns the majority of land within the District, therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer. The Developer did not pay their share of the current year assessments. The District has initiated foreclosure proceedings on land owned by Cashp3, LLC for which there are delinquent on-roll assessments billed by the tax collector. At September 30, 2023, all developer receivables are fully allowed for.

### **Other Related Parties**

The District entered into an Inter-Local Agreement in a prior year which allocated costs between Southern Hills Plantation I Community Development District, Southern Hills Plantation II Community Development District, and Southern Hills Plantation III Community Development District. In May 2023, the agreement was formalized through an interlocal agreement. The Districts were related through a common Developer. Under the revised interlocal agreement, the District will pay 25% of the annual cost of maintenance, Southern Hills Plantation III will pay 23.8% of the annual maintenance, and Southern Hills Plantation I will pay 51.2% of the annual maintenance costs. The Districts will form a committee with representatives from each district to review and vote on all contracts and invoices included in the shared costs.

As settlement of past balances due, the District has agreed to pay \$40,000 prior to January 31, 2024, and \$20,000 per year for fiscal years 2023 through 2025, for a total payment of \$100,000. During the fiscal year ended September 30, 2023 the District paid \$20,000 to Southern Hills Plantation I Community Development District per the interlocal agreement. The remaining \$80,000 is included in payables on the balance sheet and statement of net position.

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

During the year, the District received approximately \$29,000 of assessments from one major landowner, which is 18% of total assessment revenue.

## **NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**NOTE 10                    BOND DEFAULT AND SPECIAL PURPOSE ENTITY**

The District has not made debt service principal payments since November 2009. The inability of the District to pay its debt service is considered an event of default. The occurrence of an event of default creates certain remedial rights and remedies in favor of the Trustee. Pursuant to the Indenture, the owners of a majority in aggregate principal amount of the Bonds then outstanding may direct the Trustee with regard to such rights and remedies following an event of default and upon provision of indemnity satisfactory to the Trustee and in accordance with provisions of the Indenture. As a result of the default, the district established a special-purpose entity, SHP 3, LLC, a Florida limited liability company (the "SPE"), was created by the Trustee in January 2020, to own, operate and maintain the property subject to delinquent 2009 assessments. The SPE accepts lots owned by the delinquent landowners (including the Developer) in lieu of foreclosure. In addition, an agreement was entered into between the District and the SPE, whereby, debt service assessments on the Bond would be forborne but continue to constitute a lien on the property. The operation and maintenance assessments for the lots will be billed to SPE as District expenses accrue. However, no assessments related to SPE were billed in the current year. In the current year, the SPE did not pay any assessments.

**NOTE 11                    MANAGEMENT COMPANY**

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

**NOTE 12                    SUBSEQUENT EVENTS**

Subsequent to year end, the District proceeded with a petition to contract the boundaries of the District.

**Events of Default**

Subsequent to year end, the District was unable to make the scheduled debt service payments due on the Series 2004A Bonds.

## COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
*Southern Hills Plantation II Community Development District*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the *Southern Hills Plantation II Community Development District* (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2025, which includes an explanatory paragraph regarding the adverse opinion for the omission of the blended component unit.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See Appendix A of the accompanying report to management dated February 11, 2025.

We noted certain other matters that we reported to management of the District, in a separate letter dated February 11, 2025. The District's response to our findings identified in our audit is included in this report. We did not audit the District's response, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "McDiarmid Davis". The script is cursive and fluid, with the first name "McDiarmid" written in a slightly larger and more prominent hand than the last name "Davis".

Orlando, Florida  
February 11, 2025

## MANAGEMENT LETTER

Board of Supervisors  
*Southern Hills Plantation II Community Development District*

### Report on the Financial Statements

We have audited the financial statements of the *Southern Hills Plantation II Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 11, 2025, which included an adverse opinion due to the exclusion of the blended component unit.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 11, 2025, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual audit report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2022-23 FY Finding #	2021-22 FY Finding #
2023-01	2022-01	2021-01
2023-02	2022-02	2021-02
2023-03	2022-03	2021-03
2023-04	2022-04	2021-04

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

### Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *Southern Hills Plantation II Community Development District* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *Southern Hills Plantation II Community Development District* met one of the conditions described in Section 218.503(1), Florida Statutes. See Appendix B.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the *Southern Hills Plantation II Community Development District* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Deteriorating financial conditions were noted and are described in Appendix B.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have one such recommendation.

### **ML 2023-03- Interfund Balances**

Interfund balances are generally expected to be repaid within one year or be classified as advances. During our audit, we noted that the interfund balance due to the debt service fund remains outstanding. We recommend that the District review the balance and implement procedures for the timely repayment of assessments to the debt service fund.

### **Specific Information (unaudited)**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported:

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 6.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as 0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$44,985.
- e. The District did not have any construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final budget under Section 189.016(6), Florida Statutes, as disclosed in the general fund budget statement.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as: O&M: \$208.87; Debt Service: \$303.51.
- b. The total amount of special assessments collected by or on behalf of the District as \$160,573.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as disclosed in the notes.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*McDiarmid Davis*

Orlando, Florida  
February 11, 2025



**2023-01 - Failure to Make Bond Debt Service Payments When Due**

The Special Assessment Revenue Bonds Series 2004 require annual principal and semiannual interest payments. In prior years, the District did not receive sufficient assessment revenue. Therefore, the District was unable to make the required debt service payments due to the nonpayment of debt assessments owed to the District. At September 30, 2023, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Florida Statute Section 218.503(1). We recommend the District utilize all legal remedies available to collect delinquent assessments to bring debt service payments current.

**Management's Response:** Management is working with legal counsel to utilize all legal remedies available to collect delinquent assessments to bring debt service payments current.

**2023-02 - Failure to Meet Debt Service Reserve Requirements**

The Trust Indenture requires the District to keep minimum amounts in the Debt Service Reserve Accounts. At September 30, 2023, the Series 2004 Debt Service Reserve Accounts were deficient. In prior years, debt service reserves were used to pay debt service on the Bonds due to the Developer's nonpayment of assessments owed. The District is not in compliance with the Trust Indentures. We recommend the District utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts.

**Management's Response:** Management is working with legal counsel to utilize all legal remedies available to collect delinquent assessments to replenish the Debt Service Reserve Accounts.

**2023-04 - Timely Completion of Annual Audit**

State Statutes require the annual audit to be submitted no later than 9 months after the end of the District's fiscal year. Due to delays in receiving all relevant audit information, the audit was unable to be completed by June 30<sup>th</sup>. We recommend that the District implement procedures to ensure that annual audits are able to be completed in a timely manner.

**Management's Response:** Management has implemented new procedures to ensure that annual audits are able to be completed in a timely manner.

**Appendix B - Financial Emergency Conditions**September 30, 2023

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**2023-01 - Failure to Make Bond Debt Service Payments When Due**

In the current year and prior years, the District did not pay required debt service on the Series 2004 Bonds as a result of lack of funds; therefore, the District meets Section 218.503(1)(a) as a financial emergency condition.

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors  
Southern Hills Plantation II Community Development District

We have examined Southern Hills Plantation II Community Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

*McDermitt Davis*

Orlando, Florida  
February 11, 2025